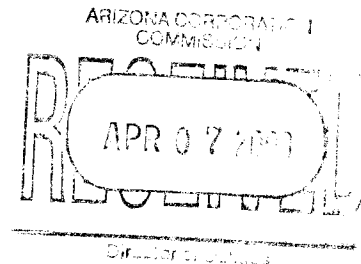


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

H

W-02128A
Hillcrest Water Company
915 E. Bethany Home Rd.
Phoenix AZ 85014



ANNUAL REPORT

FOR YEAR ENDING

12	31	2002
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*W-02128A
CP 4-8-03
P.M.*

FOR COMMISSION USE

ANN 02	02
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COMPANY INFORMATION

Company Name (Business Name) HILLCREST WATER COMPANY

Mailing Address 915 E. BETHANY HOME ROAD

PHOENIX

(Street)

AZ

(City)

(State)

85014

(Zip)

602 265-5914

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address SAME AS ABOVE

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: BARBARA DUNCAP

(Name)

(Title)

915 E. BETHANY HOME RD.

(Street)

PHOENIX

(City)

AZ

(State)

85014

(Zip)

602 265-5914

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: EILEEN THOMPSON

(Name)

782 BAY VIEW DR

(Street)

PARKER

(City)

AZ

(State)

85344

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Statutory Agent: BARBARA DUNLAP

(Name)

915 E. BETHANY HOMERD.

(Street)

(City)

AZ

(State)

85014

(Zip)

602 865-5914

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: _____

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☒ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME

HILLCREST WATER COMPANY

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	7353	2109	5244
307	Wells and Springs			
311	Pumping Equipment	7655	7448	207
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	56102	10977	45125
331	Transmission and Distribution Mains	14455	14455	
333	Services	6800	6800	
334	Meters and Meter Installations	8598	8598	
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1440	1440	
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	102403	51827	50576

This amount goes on the Balance Sheet Acct. No. 108



COMPANY NAME

HILLCREST WATER COMPANY

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	7353	10	591
307	Wells and Springs			
311	Pumping Equipment	7655	1.5	41
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	56102	4.0	2530
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS			3162

This amount goes on Comparative Statement of Income and Expense _____
 Acct. No. 403.

COMPANY NAME HILLCREST WATER COMPANY

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 4725	\$ 4680
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 4725	\$ 4680
	FIXED ASSETS		
101	Utility Plant in Service	\$ 95429	\$ 95429
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	41691	44853
121	Non-Utility Property	6974	6974
122	Accumulated Depreciation – Non Utility	6974	6974
	TOTAL FIXED ASSETS	\$ 53739	\$ 50576
	TOTAL ASSETS	\$ 58464	\$ 55256

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$ 5800
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		1638
237	Accrued Interest	39711	39711
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 39711	\$ 47209
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 86662	\$ 86662
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 126433	\$ 133871
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 28000	\$ 28000
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	<95970>	<106615>
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ <67970>	\$ <78615>
	TOTAL LIABILITIES AND CAPITAL	\$ 58463	\$ 55526

COMPANY NAME HILLCREST WATER COMPANY

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 37845	\$ 47344
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 37845	\$ 47344
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water	106	106
615	Purchased Power	2733	2960
618	Chemicals		
620	Repairs and Maintenance	2158	1802
621	Office Supplies and Expense		
630	Outside Services	24784	36104
635	Water Testing		
641	Rents		
650	Transportation Expenses	1161	2266
657	Insurance – General Liability	3870	3186
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case	591	
675	Miscellaneous Expense	630	1113
403	Depreciation Expense	3257	3162
408	Taxes Other Than Income	2292	2713
408.11	Property Taxes		4527
409	Income Tax		50
	TOTAL OPERATING EXPENSES	\$ 41582	\$ 57989
	OPERATING INCOME/(LOSS)	\$ <3737>	\$ <10645>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	845	
427	Interest Expense	221	
	TOTAL OTHER INCOME/(EXPENSE)	\$ 1066	\$
	NET INCOME/(LOSS)	\$ <4803>	\$ <10645>

COMPANY NAME HILLCREST WATER COMPANY

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	1993	1998	1999	
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 5591	\$ 47304	\$ 30000	\$
Amount Outstanding	\$ 5591	\$ 47304	\$ 30000	\$
Date of Maturity				
Interest Rate	8 1/2%	8 1/2%	8 1/2%	
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 0

Meter Deposits Refunded During the Test Year \$ 0

COMPANY NAME HILLCREST WATER COMPANY

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
SS-501879	3	300	160	6	3	1982
SS-534097	3	150	170	6	3	1996

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NA		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
43001	1	85	1
50000	1		

COMPANY NAME HILLCREST WATER COMPANY

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4	PVC	7000
5		
6	PVC	2845
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	180
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

COMPANY NAME: HILLCREST WATER COMPANY

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	180	981	476
FEBRUARY		828	485
MARCH		854	576
APRIL		1076	676
MAY		845	586
JUNE		1092	860
JULY		767	653
AUGUST		906	653
SEPTEMBER		1079	546
OCTOBER		1276	705
NOVEMBER		557	527
DECEMBER		431	591
TOTAL		N/A	7334

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (X) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. _____ mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME HILLCREST WATER COMPANY YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 2939

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME HILLCREST WATER COMPANY

YEAR ENDING 12/31/2002

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>0</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>50</u>
Estimated or Actual State Tax Liability	<u>50</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

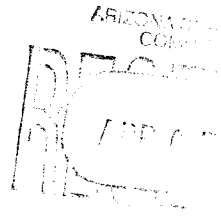
SIGNATURE

DATE

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<u>LA PAZ</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>BARBARA DUNCAP PRESIDENT</u>
COMPANY NAME
<u>HILLCREST WATER COMPANY</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2002</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 47344

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 2713

IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Barbara Duncap
SIGNATURE OF OWNER OR OFFICIAL
602-265-5914
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

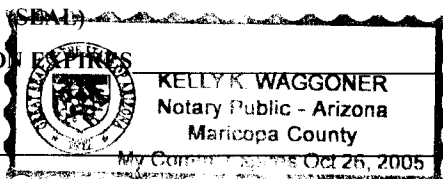
4th

DAY OF

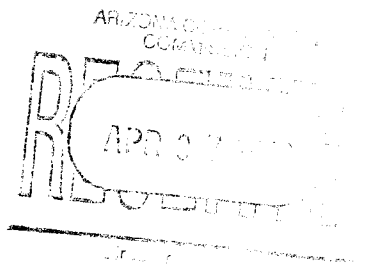
COUNTY NAME
<u>Maricopa</u>
MONTH
<u>April</u>
<u>2003</u>

Kelly K. Waggoner
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) <u>LA PAZ</u>	
NAME (OWNER OR OFFICIAL) <u>BARBARA DUNLAP</u>	TITLE <u>PRESIDENT</u>
COMPANY NAME <u>HILLCREST WATER COMPANY</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2002</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 47344

(THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 2713

IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.


SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

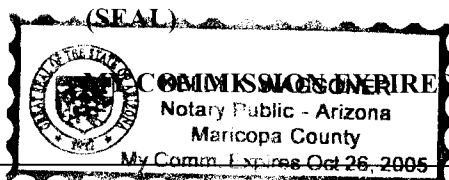
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

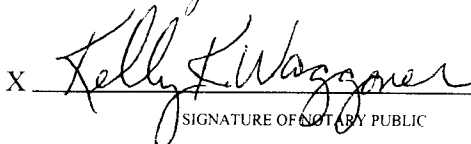
THIS

4th

DAY OF

NOTARY PUBLIC NAME <u>Kelly K. Waggoner</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH <u>April</u>	2003




X 
SIGNATURE OF NOTARY PUBLIC

913-12-703

91-552
1221 6157

1795

HILLCREST WATER CO.

915 E. BETHANY HOME RD.
PHOENIX, AZ 85014DATE 2-19-02PAY
TO THE
ORDER OFLa Paz County Treasurer\$ 801.98Eight hundred one and 98/100DOLLARS  Security features
included
Details on backWells Fargo Bank
1601 McCulloch Boulevard
Lake Havasu City, AZ 86403
www.wellsfargo.com

FOR

1st half 2001 TaxesBarbara J. Dunlap ^{MP}

⑈001795⑈ ⑆122105524⑆0817322902⑈

⑈0000080198⑈

913-12-703

91-552
1221 6157

1905

HILLCREST WATER CO.

915 E. BETHANY HOME RD.
PHOENIX, AZ 85014DATE 10-29-02PAY
TO THE
ORDER OFLa Paz County Treasurer\$ 1588.38Fifteen hundred eighty-eight and 38/100DOLLARS  Security features
included
Details on backWells Fargo Bank
1601 McCulloch Boulevard
Lake Havasu City, AZ 86403
www.wellsfargo.com

FOR

2nd half 2001 1st half 2002Barbara J. Dunlap ^{MP}

⑈001905⑈ ⑆122105524⑆0817322902⑈

⑈0000158838⑈

311-38-011L

91-552
1221 6157

1792

HILLCREST WATER CO.

915 E. BETHANY HOME RD.
PHOENIX, AZ 85014DATE 2-19-02PAY
TO THE
ORDER OFLa Paz County Treasurer\$ 548.88Five hundred forty-eight and 88/100DOLLARS  Security features
included
Details on backWells Fargo Bank
1601 McCulloch Boulevard
Lake Havasu City, AZ 86403
www.wellsfargo.com

FOR

1st half 2001 TaxesBarbara J. Dunlap ^{MP}

⑈001792⑈ ⑆122105524⑆0817322902⑈

⑈0000054888⑈